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The Director of Central Intelligence

Washington, D.C. 20505

NIC #5440-83
27 July 1983

National Intelligence Council

MEMORANDUM FOR: Director of Central Intelligence

FROM: Maurice C. Ernst
NIO for Economics

SUBJECT: Policy on the LDC Debt Problem

REFERENCE: NSDD #96, 9 June 1983

1. During the preparation of the NSDD on the international debt problem, a split developed between Treasury and the NSC Staff on how to handle strategic planning of policy options that might require substantial modification of the current ad hoc approach. In order to accommodate Treasury's legitimate concern that information on formal contingency planning would leak, and consequently would scare financial markets, it was agreed that a small group with representatives from the most concerned agencies would be established under the general sponsorship of the SIG-IEP, but without formal status or agenda. After a good deal of foot-dragging on Treasury's part, the group is finally going to meet next Monday, 1 August. Representation apparently will be at about the Assistant Secretary level. Harry Rowen will receive the invitation as your representative. No formal memoranda apparently will be circulated.

2. My impression is that the group is to examine the debt problem in a broad, relatively long-term framework so that the Administration can consider how various programs (financing, trade, etc.) may need to be modified, or if necessary new programs created, to deal with major contingencies as they arise. Specific policy recommendations will continue to develop through the IG and SIG-IEP.

3. CIA clearly has an important role to play in support of this effort. The NIE on the medium term political implications of the debt crisis, which is now in train, will address some of the most critical issues which have so far been untreated in the interagency work on the debt problem. DDI monthly assessments on the debt problem and building block analysis of major trends affecting the debt problem, such as the response of LDC exports to OECD economic recovery, also will be useful.


Maurice C. Ernst

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